

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY ACCRA
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AMEMBASSY MADRID

C O N F I D E N T I A L STATE 026738

E.O. 11652: GDS
TAGS: EMIN, BGEN, PFOR, GH
SUBJECT: MANGANESE: TERMINATION OF PHIBRO (ENGELHARD)
CONTRACT
REF: A. ACCRA 563 (NOTAL); 2. ACCRA 551 (NOTAL); 3. ACCRA
413 (NOTAL); 4. THE HAGUE A-218, NOV. 30, 1973 (NOTAL)
1. ENGELHARD REPRESENTATIVE SHAPIRO CONTACTED DEPARTMENT
FEBRUARY 8 TO DISCUSS CANCELLATION OF GOG MANGANESE SALES
CONTRACT WITH ENGELHARD'S SPANISH SUBSIDIARY PHILIPS
BROTHERS (PHIBRO). IN CONTRAST WITH ACCOUNT GIVEN EMBASSY
ACCRA BY PHIBRO OFFICIAL HASSELBERGER (REFTELS 1 AND 2),
WHO STRESSED SUSPECTED PRESSURE FROM CAEMI, DUTCH FIRM
AWARDED EXCLUSIVE MANGANESE MARKETING CONTRACT IN NOVEMBER
1973 (REFS 3 AND 4), SHAPIRO INITIALLY DESCRIBED GOG CANCEL-
LATION AS POLITICAL ACT. SHAPIRO SAID LETTER FROM APPIAH
TO PHIBRO CANCELLING SEPTEMBER CONTRACT CITED CORPORATE
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RELATIONSHIPS BETWEEN PHIBRO, ENGELHARD AND ANGLO-AMERICAN,

AS WELL AS ANGLO-AMERICAN'S VIOLATION OF UN SANCTIONS AGAINST SOUTH AFRICA AND OF OAU SANCTIONS AGAINST SOUTH AFRICA AND PORTUGAL AS BASIS FOR CANCELLATION. APPIAH LETTER FURTHER STATES THAT FOR THESE SAME REASONS PHIBRO INELIGIBLE RECEIVE ANY FUTURE SHIPMENTS GHANAIAN MANGANESE.

2. PHIBRO HAS BEEN INSTRUCTED REPLY TO APPIAH THAT THERE ARE NO UN SANCTIONS AGAINST SOUTH AFRICA, AND THAT ENGELHARD IS AMERICAN INCORPORATED PUBLIC COMPANY MANAGED IN

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THE U.S. IN WHICH ANYONE IS FREE PURCHASE SHARES. (SHAPIRO ESTIMATES ANGLO-AMERICAN SHARE HOLDING AT 30 PERCENT. SHAPIRO ALSO ACKNOWLEDGES PHIBRO ITSELF IS IMPORTING RHODESIAN NICKEL INTO U.S. UNDER BYRD AMENDMENT IN CONFLICT WITH UN SANCTIONS PROGRAM BUT THIS ISSUE NOT RAISED BY APPIAH.) PHIBRO RESPONSE SAYS ENGELHARD PLANS MAKE REPRESENTATIONS TO STATE DEPARTMENT AND GHANAIAN AMBASSADOR IN WASHINGTON PROTESTING CENCELLATION AND FUTURE SALES BAN.

3. AFTER SOME DISCUSSION, SHAPIRO SAID ENGELHARD BELIEVES APPIAH USING A POLITICAL EXCUSE TO CANCEL SEPTEMBER AGREEMENT BECAUSE CAEMI OFFERED MORE ATTRACTIVE PRICE IN NOVEMBER. ENGELHARD HAS NOT REQUESTED ANY SPECIFIC ASSISTANCE FROM DEPARTMENT AT THIS TIME AND DID ASK THAT EMBASSY ACCRA MAKE NO INQUIRIES OF GOG UNTIL TWO SHIPS WHICH APPIAH HAS AGREED PERMIT LOAD HAVE ARRIVED TAKORADI, BEEN LOADED, AND SAILED.

4. SHAPIRO PLANS VISIT DEPARTMENT NEXT WEEK TO DISCUSS SITUATION IN MORE DETAIL. HE IS AWARE THAT UNION CARBIDE'S UNRELINQUISHED CLAIM TO OWNERSHIP OF NSUTA ORE LIMITS THE POSSIBILITY AND MAY ACTUALLY PRECLUDE EMBASSY REPRESENTATIONS ON ENGELHARD'S BEHALF.

5. COMMENT: GOG'S FAILURE EVER ALLUDE TO UNION CARBIDE'S IMPORTS OF RHODESIAN CHROME INTO U.S. UNDER BYRD AMENDMENT DURING EIGHTEEN MONTHS ACRIMONIOUS NEGOTIATIONS, AND APPIAH'S MANIFEST OPPORTUNISM SUPPORT ENGELHARD'S ASSUMPTIONS.
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TION THAT APPIAH MAY BE USING CHARGE ENGELHARD BREAKING ALLEGED SOUTH AFRICA SANCTIONS AS EXCUSE TO BREAK CONTRACT IN ORDER TAKE ADVANTAGE HIGHER PRICES OFFERED BY CAEMI.

6. WOULD APPRECIATE EMBASSY'S COMMENTS ON ENGELHARD'S ABILITY CONTEST GOG DECISION IN GHANAIAN COURTS. GIVEN FACT PHIBRO IS VIOLATING UN RHODESIAN SANCTIONS (BUT NOT A U.S. LAW), WOULD THIS VIOLATION JUSTIFY CANCELLATION OF

CONTRACT UNDER GHANAIAAN LAW? KISSINGER

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